

Connecticut's Legislative Commission on Aging

A Nonpartisan Public Policy and Research Office of the Connecticut General Assembly

State Capitol
210 Capitol Ave.
Hartford, CT 06106
860-240-5200
www.cga.ct.gov/coa

Julia Evans Starr
Executive Director

Deb Migneault
Senior Policy Analyst

Alyssa Norwood
Project Manager

Christianne Kovel
Communications
Specialist

*With 21 volunteer
board members from
across the state*

Testimony of

Deb Migneault

Senior Policy Analyst

Connecticut's Legislative Commission on Aging

Finance, Revenue and Bonding Committee

April 15, 2015

Senator Fonfara, Representative Berger and esteemed members of the Finance, Revenue and Bonding Committee, my name is Deb Migneault and I am the Senior Policy Analyst for Connecticut's Legislative Commission on Aging. I thank you for this opportunity to comment on HB 6841 today.

As you know, Connecticut's Legislative Commission on Aging is the non-partisan, public policy office of the General Assembly devoted to preparing Connecticut for a significantly changed demographic and enhancing the lives of the present and future generations of older adults. For more than twenty years, the Legislative Commission on Aging has served as an effective leader in statewide efforts to promote choice, independence and dignity for Connecticut's older adults and persons with disabilities.

HB 6841: An Act Concerning a Municipal Option Regarding Tax Relief for Certain Elderly or Totally Disabled Homeowners

~ CT's Legislative Commission on Aging Informs

Property taxes are the principle source of revenue for local governments in Connecticut. Though localities in all states levy property taxes, Connecticut is one of few states where municipalities have limited alternative options for raising revenue. Unlike in most other states, Connecticut law does not allow cities and towns from instituting local income or sales taxes. Accordingly, because of Connecticut localities' heavy reliance of property taxes, taxpayers have the third highest per capita property tax burden in the nation.¹

¹ Tax Foundation. State and Local Property Tax Collections Per Capita by State, 2006-2010. <http://taxfoundation.org/article/state-and-local-property-tax-collections-capita-state-2006-2010>.



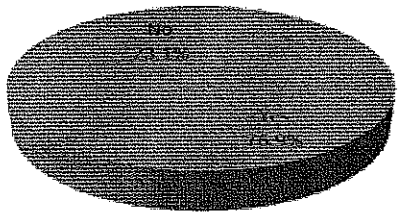
In response, several property tax relief programs exist at the state and local levels to help individuals pay their taxes. Some property tax relief programs are **mandatory**, meaning that towns are *required* to provide relief through such programs and are, in turn, typically reimbursed by the state. Towns are also able to provide additional **optional** property tax relief programs, upon approval by the town's legislative body.

Connecticut's current Circuit Breaker Program (CGS §§ 12-170aa to 12-170 cc), administered by the State's Office of Policy and Management, provides local property tax relief to certain low-income older adults and persons with disabilities through a credit against the local property tax bill (i.e., the property tax bill is reduced). The amount of the homeowner's credit varies inversely with income. The credit amount is up to \$1,000 for a single person and up to \$1,200 for a married couple.

The state reimburses municipalities for all property tax revenues lost through the credit. All towns in Connecticut are required to provide property tax assistance through the Circuit Breaker program, which served 40,348 residents during fiscal year 2013-2014 at a cost of \$20,504,900.

Beyond the Circuit Breaker, municipalities may provide additional property tax relief (CGS § 12-129n) for older adults or persons with disabilities, both for individuals already receiving relief under the Circuit Breaker and/or Tax Freeze Programs, as well as for those individuals who may not qualify for these programs. The state does **not** reimburse municipalities for these additional local options.

The only statutory eligibility is that applicants must be **older adults** (65 years of age or older; living with a spouse who is 65 years of age or older or at least 60 years of age and a surviving spouse of a person who at the time of death was eligible for the program) or **totally disabled** (generally under 65 years of age and eligible in accordance with applicable federal regulations to receive permanent total disability benefits under Social Security, or as further defined by CGS § 12-129n(a)). Municipalities can also set their own additional eligibility criteria.



Percentage of Connecticut Municipalities with a Local Option Property Tax Relief Program. In Connecticut, 76.9% (130) of municipalities have a local option property tax relief program, while 23.1% (39) do not offer a local option property tax relief program.

After an extensive survey of all Connecticut municipalities, in January 2015, Connecticut's Legislative Commission on Aging released a report titled Property Tax Relief for Older Adults: A Profile of Connecticut's Local Programs. The report (attached to this testimony) provides an inventory and analysis of all local option programs across the state. The types of programs offered (credits, deferrals, freezes and exemptions) vary significantly by town

as does the eligibility criteria for each program. For example, income and asset limits range widely, from annual household earnings of less than \$40,000 to more than \$80,000, and for asset limits from \$100,000 to up to \$650,00, if any.

Connecticut has significant opportunities to promote efficiency, data-driven decision-making, education and equity through reforms to its property tax relief system. Based on the information collected and analyzed through its 2014 property tax survey, Connecticut's Legislative Commission on Aging makes the following recommendations:

- **Promote efficiency by combining or streamlining existing property tax relief programs.** The sheer number and variety of property tax relief programs creates unnecessary fragmentation, duplication and confusion. The state should consider strategies for combining or streamlining existing property tax relief programs to achieve efficiency and ensure ease of access and use by residents.
- **Promote data-driven decision-making by making information more readily available to local officials.** Local officials should use town-specific income, age and other demographic data to ensure that (1) enrollment by eligible residents in state-reimbursed property tax relief programs is maximized, and (2) local options are exercised in such a way that ensures that local property tax relief reaches those who need it most.
- **Promote education by**
 - **Making annual state-collected information on property tax relief programs available to the public.** The state should collect and post annually information, by town, on local property tax relief programs.
 - **Including information about existing property tax relief program in annual property tax bills.** Such information should be written in easily readable and understandable language.
- **Promote equity by exploring alternative methods of taxation to complement collection of local property taxes.** Property taxes are the principle source of revenue for local governments in Connecticut. Accordingly, Connecticut taxpayers have the third highest per capita property tax burden in the nation. Comprehensive tax reform should consider alternative methods of taxation to ensure that the opportunity to support local government is distributed equitably.

We thank you for the opportunity to comment on this property tax relief proposal. Please contact us if you would like any further information about our survey and report.

